

and neighbor from Michigan, Congressman BARCIA. This bill deals with a very important problem: ensuring that voting technologies are accurate, secure, reliable and easy to use.

Last November, as the world placed Florida under a microscope to scrutinize its election, we saw just how vulnerable our nation's voting systems are to error. And in the months since, we've discovered that the problems that plagued Florida are rampant among many other states, but went unnoticed because the elections in those states were not nearly as close as in Florida.

In the months since last November, we've also had the chance to explore solutions to the problem. We've discovered that we need to develop updated standards for voting systems to make sure that they perform reliably on election day. Updated standards can ensure that voting machines are accurate in tallying the ballots voter cast. And they can help reduce voter error by improving the usability of new voting technologies.

And more importantly, as our voting systems begin to rely increasingly on computers to record, count and archive ballots and to transmit elections results over computer networks, we need standards to ensure that these systems meet the highest standards for computer security, so we can prevent hidden voter fraud by clever computer hackers.

The Ehlers-Barcia bill addresses each of these concerns. It directs the National Institute of Standards and Technology (NIST), the nation's foremost experts on technology, computer security, and technical standards, to help develop updated standards to ensure the usability, accuracy, integrity, and security of our country's voting systems.

NIST is the federal agency with the technical expertise needed to help create the technical standards necessary to improve our nation's voting systems. NIST is a tremendous technical resource that we must enlist to help solve this problem. It has a strong record of working cooperatively with diverse groups to develop standards by consensus. These groups would certainly include state and local elections officials, among others.

Mr. Speaker, this is a complex problem, with complex solutions. I am proud to introduce this bipartisan bill today with my colleagues from Michigan because I believe it is an important part of the solution. I urge my colleagues to support the Ehlers-Barcia bill and work together with us to pass this important legislation.

TRIBUTE TO JOSEPH AND VICTORIA COTCHETT

HON. ANNA G. ESHOO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 21, 2001

Ms. ESHOO. Mr. Speaker, I rise to pay tribute today to two distinguished Californians, Victoria and Joseph Cotchett, who are being honored as Volunteers of the Year by the Volunteer Center of San Mateo County, California.

Victoria and Joe Cotchett have provided years of extraordinary public service to our

community and our country. The Cotchett's give so generously of their time, their talents and their resources and are widely known and deeply respected within our community for their extraordinary contributions to many worthy organizations and causes. They are driven by their passion for the arts, for the average person, and for justice.

Long an advocate of women and children, Victoria Cotchett is an avid supporter of the arts and a community leader in animal care issues. She has distinguished herself as a writer and has served on the boards of many organizations, including Poplar Recare and the Kennedy Center for the Performing Arts.

Joe Cotchett is a noted trial attorney with a distinguished record of campaigning for equal justice as well as his many years of professional and civic involvement. For the past ten years, Joe has been named one of the 100 most influential lawyers in the country, earning the highest esteem of colleagues and clients alike. Joe has been described by the National Law Journal as "one of the best trial lawyers; a clear champion of underdogs."

Victoria and Joe Cotchett are the proud parents of two beautiful daughters. The Cotchett's have opened their hearts to another family, a group of refugees fleeing political oppression in Eastern Europe. Joe and Victoria did everything within their power to facilitate this family's transition to the United States, providing them with shelter, assistance, and above all, the warmth and kindness of a loving family.

Mr. Speaker, I ask my colleagues to join me in paying tribute to two extraordinary people who I'm exceedingly proud to call my friends. We are a better community, a better country and a better people because of Victoria and Joe Cotchett.

A BILL TO PERMIT COOPERATIVES TO PAY DIVIDENDS ON PREFERRED STOCK WITHOUT REDUCING PATRONAGE DIVIDENDS

HON. WALLY HERGER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 21, 2001

Mr. HERGER. Mr. Speaker, today I rise to introduce the Cooperative Dividend Equity Act. This legislation will help to end an unfair tax on cooperatives and their members.

As those of us from agricultural and rural areas can attest, cooperatives play a vital role in many Americans' lives. Whether it be farmers pooling their resources in order to survive in the global marketplace, consumers maximizing their buying power through volume purchasing, or healthcare facilities providing community-based services—cooperatives facilitate people working together for a common good.

One of the greatest challenges facing cooperatives today is access to capital. In order to raise much needed capital and avoid further debt, many cooperatives are considering issuing preferred stock. However, under the current tax laws, stock dividends paid to stockholders are taxed three times: (1) when they are earned by the cooperative; (2) when received by the stockholder; and (3) at the corporate level when earnings are distributed.

Three levels of tax on the earnings of a cooperative! Here is how it works.

Members of cooperatives are taxed on income generated by the cooperative. The cooperative itself, however, is not taxed so long as any "patronage income" is distributed to its members. Cooperatives frequently earn at least some non-member, or "nonpatronage," income. Much like a corporation, a cooperative must pay taxes on such non-patronage income, just as the stockholder (whether a member or non-member) must also pay tax on that income when it is distributed as a dividend. Unlike a corporation, however, cooperatives must then pay what amounts to a third tax due to the operation of an obscure IRS rule.

The "dividend allocation rule" imposes a third level of taxation on the cooperative by reducing the amount of patronage dividends paid to cooperative members. Cooperatives, such as a typical farming cooperative, may deduct dividends paid to patrons from taxable income. IRS regulations, however, provide that net earnings eligible for the patronage dividend deduction are reduced by dividends paid on capital stock. This requirement has been interpreted to mean that even dividends paid out of nonpatronage earnings will be "allocated" to a cooperative's patronage and non-patronage earnings in proportion to the relative amount of patronage/nonpatronage business done by the cooperative. This "allocation" significantly reduces the amount of net earnings from the patronage operation that may be claimed as a deduction, thus increasing the cooperative's level of taxation.

Put more simply, the "dividend allocation rule" allocates income already taxed against what would have otherwise been a deduction. As a result, cooperatives pay more taxes on income used to pay a dividend on stock than would a non-cooperative corporation.

It is time to end the triple taxation on cooperative income and give farmers, consumers, hospitals, and other coop members the flexibility they deserve in structuring their affairs. It is time to eliminate the dividend allocation rule and pass the Cooperative Dividend Equity Act of 2001.

HONORING THE MEMORY OF MAJOR GENERAL DANIEL F. CALLAHAN

HON. VAN HILLEARY

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 21, 2001

Mr. HILLEARY. Mr. Speaker, I rise today to honor the memory of Major General Daniel F. Callahan for his honorable and faithful service to our country.

General Callahan, who passed away June 10, 2001, was born in Zenda, Kansas, on June 8, 1910. Following his graduation from the U.S. Military Academy in 1931, he served the next thirty-two years in the U.S. Air Force. His military career was devoted to flying and working in maintenance, engineering and supply. During World War II, he was assigned to the China-Burma-India theatre, where he saw action flying the "Hump". Following the war,